

Message Text

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FM AMEMBASSY BONN

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STATE PASS WHITE HOUSE FOR PRESS OFFICE

BRUSSELS ALSO FOR USEEC, PARIS ALSO FOR USOECD

1. FOLLOWING IS THE FINAL COMMUNIQUE FROM THE ECONOMIC
SUMMIT CONFERENCE HELD IN BONN, JULY 16-L7, 1978:

DECLARATION

THE HEADS OF STATE AND GOVERNMENT OF CANADA, THE FEDERAL
REPUBLIC OF GERMANY, FRANCE, ITALY, JAPAN, THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE
UNITED STATES OF AMERICA MET IN BONN ON 16TH AND 17TH
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JULY 1978. THE EUROPEAN COMMUNITY WAS REPRESENTED
BY THE PRESIDENT OF THE EUROPEAN COUNCIL AND BY THE
PRESIDENT OF THE EUROPEAN COMMISSION FOR DISCUSSION OF
MATTERS WITHIN THE COMMUNITY'S COMPETENCE.

1. WE AGREED ON A COMPREHENSIVE STRATEGY COVERING
GROWTH, EMPLOYMENT AND INFLATION, INTERNATIONAL MONETARY

POLICY, ENERGY, TRADE AND OTHER ISSUES OF PARTICULAR INTEREST TO DEVELOPING COUNTRIES. WE MUST CREATE MORE JOBS AND FIGHT INFLATION, STRENGTHEN INTERNATIONAL TRADING, REDUCE PAYMENTS IMBALANCES, AND ACHIEVE GREATER STABILITY IN EXCHANGE MARKETS. WE ARE DEALING WITH LONG-TERM PROBLEMS, WHICH WILL ONLY YIELD TO SUSTAINED EFFORTS. THIS STRATEGY IS A COHERENT WHOLE WHOSE PARTS ARE INTERDEPENDENT. TO THIS STRATEGY, EACH OF OUR COUNTRIES CAN CONTRIBUTE; FROM IT, EACH CAN BENEFIT.

GROWTH, EMPLOYMENT AND INFLATION

2. WE ARE CONCERNED, ABOVE ALL, ABOUT WORLD-WIDE UNEMPLOYMENT BECAUSE IT HAS BEEN AT TOO HIGH A LEVEL FOR MANY YEARS, BECAUSE IT HITS HARDEST AT THE MOST VULNERABLE SECTIONS OF THE POPULATION, BECAUSE ITS ECONOMIC COST IS HIGH AND ITS HUMAN COST HIGHER STILL. WE WILL ACT, THROUGH MEASURES TO ASSURE GROWTH AND DEVELOP NEEDED SKILLS, TO INCREASE EMPLOYMENT.

IN DOING THIS, WE WILL BUILD ON THE PROGRESS THAT HAS ALREADY BEEN MADE IN THE FIGHT AGAINST INFLATION AND WILL SEEK NEW SUCCESSES IN THAT FIGHT. BUT WE NEED AN IMPROVEMENT IN GROWTH WHERE THAT CAN BE ACHIEVED WITHOUT REKINDLING INFLATION IN ORDER TO REDUCE EXTREMES OF UNCLASSIFIED

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BALANCE OF PAYMENTS SURPLUSES AND DEFICITS. THIS WILL REDUCE DESTABILIZING EXCHANGE RATE MOVEMENTS. IMPROVED GROWTH WILL HELP TO REDUCE PROTECTIONIST PRESSURES. WE NEED IT ALSO TO ENCOURAGE THE FLOW OF PRIVATE INVESTMENT, ON WHICH ECONOMIC PROGRESS DEPENDS; WE WILL SEEK TO REDUCE IMPEDIMENTS TO PRIVATE INVESTMENT, BOTH DOMESTICALLY AND INTERNATIONALLY. BETTER GROWTH IS NEEDED TO ENSURE THAT THE FREE WORLD IS ABLE TO DEVELOP TO MEET THE EXPECTATIONS OF ITS CITIZENS AND THE ASPIRATIONS OF THE DEVELOPING COUNTRIES.

3. A PROGRAM OF DIFFERENT ACTIONS BY COUNTRIES THAT FACE DIFFERENT CONDITIONS IS NEEDED TO ASSURE STEADY NON-INFLATIONARY GROWTH. IN COUNTRIES WHOSE BALANCE OF PAYMENTS SITUATION AND INFLATION RATE DOES NOT IMPOSE SPECIAL RESTRICTIONS, THIS REQUIRES A FASTER RISE IN DOMESTIC DEMAND. IN COUNTRIES WHERE RISING PRICES AND COSTS ARE CREATING STRONG PRESSURES, THIS MEANS TAKING NEW MEASURES AGAINST INFLATION.

- CANADA REAFFIRMED ITS INTENTION, WITHIN THE LIMITS PERMITTED BY THE NEED TO CONTAIN AND REDUCE INFLATION,

TO ACHIEVE HIGHER GROWTH OF EMPLOYMENT AND AN INCREASE
IN OUTPUT OF UP TO 5 PERCENT.

- AS A CONTRIBUTION TO AVERT THE WORLD-WIDE DISTURB-
ANCES OF ECONOMIC EQUILIBRIUM THE GERMAN DELEGATION HAS
INDICATED THAT BY THE END OF AUGUST IT WILL PROPOSE

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FM AMEMBASSY BONN

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TO THE LEGISLATIVE BODIES ADDITIONAL AND QUANTITATIVELY
SUBSTANTIAL MEASURES UP TO 1 P.C. OF GNP, DESIGNED TO
ACHIEVE A SIGNIFICANT STRENGTHENING OF DEMAND AND A
HIGHER RATE OF GROWTH. THE ORDER OF MAGNITUDE WILL
TAKE ACCOUNT OF THE ABSORPTIVE CAPACITY OF THE CAPITAL
MARKET AND THE NEED TO AVOID INFLATIONARY PRESSURES.

- THE PRESIDENT OF THE FRENCH REPUBLIC HAS INDICATED

THAT, WHILE PURSUING ITS POLICY OF REDUC-
TION OF THE RATE OF INFLATION, THE FRENCH GOVERNMENT
AGREES, AS A CONTRIBUTION TO THE COMMON
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EFFORT, TO INCREASE BY AN AMOUNT OF ABOUT 0.5 PERCENT
OF G.N.P. THE DEFICIT OF THE BUDGET OF THE STATE FOR
THE YEAR 1978.

- THE ITALIAN PRIME MINISTER HAS INDICATED THAT THE
GOVERNMENT UNDERTAKES TO RAISE THE RATE OF ECONOMIC
GROWTH IN 1979 BY 1.5 PERCENTAGE POINTS WITH RESPECT
TO 1978. IT PLANS TO ACHIEVE THIS GOAL BY CUTTING
PUBLIC CURRENT EXPENDITURE WHILE STIMULATING INVESTMENTS
WITH THE AIM OF INCREASING EMPLOYMENT IN A NON-
INFLATIONARY CONTEXT.

- THE PRIME MINISTER OF JAPAN HAS REFERRED TO THE FACT
THAT HIS GOVERNMENT IS STRIVING FOR THE ATTAINMENT
OF THE REAL GROWTH TARGET FOR FISCAL YEAR 1978, WHICH
IS ABOUT 1.5 PERCENTAGE POINTS HIGHER THAN THE PERFORM-
ANCE OF THE PREVIOUS YEAR, MAINLY THROUGH THE EXPANSION
OF DOMESTIC DEMAND. HE HAS FURTHER EXPRESSED HIS
DETERMINATION TO ACHIEVE THE SAID TARGET BY TAKING
APPROPRIATE MEASURES AS NECESSARY. IN AUGUST OR
SEPTEMBER HE WILL DETERMINE WHETHER ADDITIONAL MEASURES
ARE NEEDED.

- THE UNITED KINGDOM, HAVING ACHIEVED A MAJOR REDUCTION
IN THE RATE OF INFLATION AND IMPROVEMENT
IN THE BALANCE OF PAYMENTS HAS RECENTLY GIVEN A FISCAL
STIMULUS EQUIVALENT TO RATHER OVER 1 PERCENT OF G.N.P.
THE GOVERNMENT INTENDS TO CONTINUE THE FIGHT AGAINST
INFLATION SO AS TO IMPROVE STILL FURTHER THE PROSPECTS
FOR GROWTH AND EMPLOYMENT.

- THE PRESIDENT OF THE UNITED STATES STATED THAT
REDUCING INFLATION IS ESSENTIAL TO MAINTAINING A HEALTHY
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U.S. ECONOMY AND HAS THEREFORE BECOME THE TOP PRIORITY
OF U.S. ECONOMIC POLICY. HE IDENTIFIED THE MAJOR
ACTIONS THAT HAVE BEEN TAKEN AND ARE BEING TAKEN
TO COUNTER INFLATION IN THE UNITED STATES: TAX CUTS
ORIGINALLY PROPOSED FOR FISCAL YEAR 1979 HAVE NOW BEEN
REDUCED BY \$10 BILLION; GOVERNMENT EXPENDITURE PROJEC-

TIONS FOR 1978 AND 1979 HAVE BEEN REDUCED; A VERY TIGHT BUDGET IS BEING PREPARED FOR 1980; STEPS ARE BEING TAKEN TO REDUCE THE DIRECT CONTRIBUTION BY GOVERNMENT REGULATIONS OR RESTRICTIONS TO RISING COSTS AND PRICES, AND A VOLUNTARY PROGRAMME HAS BEEN UNDERTAKEN TO ACHIEVE DECELERATION OF WAGES AND PRICES.

- THE MEETING TOOK NOTE WITH SATISFACTION THAT THE COMMON APPROACH OF THE EUROPEAN COMMUNITY ALREADY AGREED AT BREMEN WOULD REINFORCE THE EFFECTIVENESS OF THIS PROGRAM.

ENERGY

4. IN SPITE OF SOME IMPROVEMENT, THE PRESENT ENERGY SITUATION REMAINS UNSATISFACTORY. MUCH MORE NEEDS TO BE DONE.

5. WE ARE COMMITTED TO REDUCE OUR DEPENDENCE ON IMPORTED OIL.

6. WE NOTE THAT THE EUROPEAN COMMUNITY HAS ALREADY AGREED AT BREMEN THE FOLLOWING OBJECTIVES FOR 1985: TO DEPENDENCE ON IMPORTED ENERGY TO 50 PER CENT, TO LIMIT NET OIL IMPORTS, AND TO REDUCE TO 0.8 THE RATIO BETWEEN THE RATE OF INCREASE IN ENERGY CONSUMPTION AND THE RATE OF INCREASE IN GROSS DOMESTIC PRODUCT.

7. RECOGNIZING ITS PARTICULAR RESPONSIBILITY IN UNCLASSIFIED

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THE ENERGY FIELD, THE UNITED STATES WILL REDUCE ITS DEPENDENCE ON IMPORTED OIL. THE U.S. WILL HAVE IN PLACE BY THE END OF THE YEAR A COMPREHENSIVE POLICY FRAMEWORK

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WITHIN WHICH THIS EFFORT CAN BE URGENTLY CARRIED FORWARD.
BY YEAR END, MEASURES WILL BE IN EFFECT THAT WILL RESULT
IN OIL IMPORT SAVINGS OF APPROXIMATELY 2.5
MILLION BARRELS PER DAY BY 1985. IN ORDER TO
ACHIEVE THESE GOALS, THE U.S. WILL ESTABLISH A STRATEG-
IC OIL RESERVE OF 1 BILLION BARRELS; IT WILL INCREASE
COAL PRODUCTION BY TWO-THIRDS; IT WILL MAINTAIN THE
RATIO BETWEEN GROWTH IN GROSS NATIONAL PRODUCT AND
GROWTH IN ENERGY DEMAND AT OR BELOW 0.8; AND ITS OIL
CONSUMPTION WILL GROW MORE SLOWLY THAN ENERGY CONSUMP-
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TION . THE VOLUME OF OIL IMPORTED IN 1978 AND 1979
SHOULD BE LESS THAN THAT IMPORTED IN 1977. IN ORDER
TO DISCOURAGE EXCESSIVE CONSUMPTION OF OIL AND TO
ENCOURAGE THE MOVEMENT TOWARD COAL, THE U.S. REMAINS
DETERMINED THAT THE PRICES PAID FOR OIL IN THE U.S.
SHALL BE RAISED TO THE WORLD LEVEL BY THE END OF 1980.

8. WE HOPE THAT THE OIL EXPORTING COUNTRIES WILL
CONTINUE TO CONTRIBUTE TO A STABLE WORLD ENERGY
SITUATION.

9. LOOKING TO THE LONGER TERM, OUR COUNTRIES WILL

REVIEW THEIR NATIONAL ENERGY PROGRAMS WITH A VIEW TO SPEEDING THEM UP. GENERAL ENERGY TARGETS CAN SERVE AS USEFUL MEASURES OF THE PROGRESS ACHIEVED.

10. PRIVATE AND PUBLIC INVESTMENT TO PRODUCE ENERGY AND TO USE IT MORE EFFICIENTLY WITHIN THE INDUSTRIAL WORLD SHOULD BE INCREASED. THIS CAN CONTRIBUTE SIGNIFICANTLY TO ECONOMIC GROWTH.

11. THE FURTHER DEVELOPMENT OF NUCLEAR ENERGY IS INDISPENSABLE, AND THE SLIPPAGE IN THE EXECUTION OF NUCLEAR POWER PROGRAMMES MUST BE REVERSED. TO PROMOTE THE PEACEFUL USE OF NUCLEAR ENERGY AND REDUCE THE RISK OF NUCLEAR PROLIFERATION, THE NUCLEAR FUEL CYCLE STUDIES INITIATED AT THE LONDON SUMMIT SHOULD BE PURSUED. THE PRESIDENT OF THE UNITED STATES AND THE PRIME MINISTER OF CANADA HAVE EXPRESSED THEIR FIRM INTENTION TO CONTINUE AS RELIABLE SUPPLIERS OF NUCLEAR FUEL WITHIN THE FRAMEWORK OF EFFECTIVE SAFEGUARDS. THE PRESIDENT INTENDS TO USE THE FULL POWERS OF HIS OFFICE TO PREVENT ANY INTERRUPTION OF

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ENRICHED URANIUM SUPPLY AND TO ENSURE THAT EXISTING AGREEMENTS WILL BE RESPECTED. THE PRIME MINISTER INTENDS THAT THERE SHALL BE NO INTERRUPTION OF CANADIAN URANIUM SUPPLY ON THE BASIS OF EFFECTIVE SAFEGUARDS.

12. COAL SHOULD PLAY AN INCREASING IMPORTANT ROLE IN THE LONG TERM.

13. JOINT OR CO-ORDINATED ENERGY RESEARCH AND DEVELOPMENT SHOULD BE CARRIED OUT TO HASTEN THE DEVELOPMENT OF NEW, INCLUDING RENEWABLE ENERGY SOURCES AND THE MORE EFFICIENT USE OF EXISTING SOURCES.

14. IN ENERGY DEVELOPMENT, THE ENVIRONMENT AND

HUMAN SAFETY OF THE POPULATION MUST BE SAFEGUARDED WITH GREATEST CARE.

15. TO HELP DEVELOPING COUNTRIES, WE WILL INTENSIFY OUR NATIONAL DEVELOPMENT ASSISTANCE PROGRAMS IN THE ENERGY FIELD AND WE WILL DEVELOP A CO-ORDINATED EFFORT TO BRING INTO USE RENEWABLE ENERGY TECHNOLOGIES AND TO ELABORATE THE DETAILS WITHIN ONE YEAR. WE SUGGEST THAT THE OECD WILL PROVIDE THE MEDIUM FOR CO-OPERATION WITH OTHER COUNTRIES.

16. WE STRESS THE NEED FOR IMPROVEMENT AND CO-ORDINATION OF ASSISTANCE FOR DEVELOPING COUNTRIES IN THE ENERGY FIELD. WE SUGGEST THAT THE WORLD BANK EXPLORE WAYS IN WHICH ITS ACTIVITIES IN THIS FIELD CAN BE MADE INCREASINGLY RESPONSIVE TO THE NEEDS OF THE DEVELOPING COUNTRIES, AND TO EXAMINE WHETHER NEW APPROACHES, PARTICULARLY TO FINANCING HYDROCARBON EXPLORATION, WOULD BE USEFUL.

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TRADE

17. WE REAFFIRM OUR DETERMINATION TO EXPAND INTERNATIONAL TRADE ONE OF THE DRIVING FORCES FOR MORE SUSTAINED AND BALANCED ECONOMIC GROWTH. THROUGH OUR JOINT EFFORTS WE WILL MAINTAIN AND STRENGTHEN THE OPEN INTERNATIONAL TRADING SYSTEM. WE APPRECIATE AND SUPPORT THE PROGRESS AS SET FORTH IN THE FRAMEWORK OF UNDERSTANDING ON THE TOKYO ROUND OF MULTILATERAL TRADE NEGOTIATIONS MADE PUBLIC IN GENEVA, UNCLASSIFIED

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JULY 13TH, 1978 EVEN THOUGH WITHIN THIS FRAMEWORK OF UNDERSTANDING SOME DIFFICULT AND IMPORTANT ISSUES REMAIN UNRESOLVED.

18. THE SUCCESSFUL CONCLUSION OF THESE NEGOTIATIONS, THE BIGGEST YET HELD, WOULD MEAN NOT JUST A MAJOR TRADE LIBERALISATION PROGRAMME EXTENDING OVER THE 1980S BUT THE MOST IMPORTANT PROGRESS YET MADE IN THE GATT IN RELATION TO NON-TARIFF MEASURES. THUS THE GATT RULES WOULD BE BROUGHT MORE CLOSELY INTO LINE WITH THE REQUIREMENTS OF THE NEXT DECADE - PARTICULARLY IN RELATION TO SAFEGUARDS- IN WAYS WHICH WOULD AVOID ANY WEAKENING OF THE WORLD TRADING SYSTEM AND BE OF BENEFIT TO ALL TRADING COUNTRIES DEVELOPED AND DEVELOPING ALIKE. A SUBSTANTIALLY HIGHER DEGREE OF EQUITY AND DISCIPLINE IN THE INTERNATIONAL TRADING SYSTEM WOULD BE ACHIEVED BY THE CREATION OF NEW MECHANISMS IN MANY FIELDS FOR CONSULTATION AND DISPUTE SETTLEMENT. UNIFORM APPLICATION OF THE GATT RULES IS VITAL AND WE SHALL MOVE IN THAT DIRECTION AS SOON AS POSSIBLE.

IN ALL AREAS OF THE NEGOTIATIONS THE SUMMIT COUNTRIES LOOK FORWARD TO WORKING EVEN MORE CLOSELY WITH THE DEVELOPING COUNTRIES. WE SEEK TO ENSURE FOR ALL PARTICIPANTS A SOUND AND BALANCED RESULT, WHICH ADEQUATELY TAKES INTO ACCOUNT THE NEEDS OF DEVELOPING COUNTRIES, FOR EXAMPLE, THROUGH SPECIAL AND DIFFERENTIAL TREATMENT, AND WHICH BRINGS ABOUT THEIR GREATER PARTICIPATION IN THE BENEFITS AND OBLIGATIONS OF THE WORLD TRADING SYSTEM.

AT LAST YEAR'S DOWNING STREET SUMMIT WE REJECTED A UNCLASSIFIED

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PROTECTIONIST COURSE FOR WORLD TRADE. WE AGREED TO GIVE A NEW IMPETUS TO THE TOKYO ROUND. OUR NEGOTIATORS HAVE FULFILLED THAT COMMITMENT. TODAY WE CHARGE THEM, IN CO-OPERATION WITH THE OTHER PARTICIPANTS, TO RESOLVE THE OUTSTANDING ISSUES AND TO CONCLUDE SUCCESSFULLY THE DETAILED NEGOTIATIONS BY DECEMBER 15, 1978.

18. WE NOTE WITH SATISFACTION THE RENEWAL OF THE PLEDGE TO MAINTAIN AN OPEN MARKET ORIENTED ECONOMIC SYSTEM MADE BY THE OECD COUNCIL OF MINISTERS LAST MONTH. TODAY'S WORLD ECONOMIC PROBLEMS CANNOT BE SOLVED BY RELAPSING INTO OPEN OR CONCEALED PROTECTIONISM.

19. WE WELCOME THE STATEMENT ON POSITIVE ADJUSTMENT POLICY MADE BY THE OECD MINISTERS. THERE MUST BE A READINESS OVER TIME, TO ACCEPT AND FACILITATE STRUCTURAL CHANGE. MEASURES TO PREVENT SUCH CHANGE PERPETUATE ECONOMIC INEFFICIENCY, PLACE THE BURDEN OF STRUCTURAL CHANGE ON TRADING PARTNERS AND INHIBIT THE INTEGRATION OF DEVELOPING COUNTRIES INTO THE WORLD ECONOMY. WE ARE DETERMINED IN OUR INDUSTRIAL, SOCIAL, STRUCTURAL, AND REGIONAL POLICY INITIATIVES TO HELP SECTORS IN DIFFICULTIES, WITHOUT INTERFERING WITH INTERNATIONAL COMPETITION AND TRADE FLOWS.

20. WE NOTE THE NEED FOR COUNTRIES WITH LARGE CURRENT ACCOUNTS DEFICITS TO INCREASE EXPORTS AND FOR COUNTRIES WITH LARGE CURRENT ACCOUNTS SURPLUSES TO FACILITATE INCREASES IN IMPORTS. IN THIS CONTEXT, THE UNITED STATES IS FIRMLY COMMITTED TO IMPROVE ITS EXPORT PERFORMANCE AND IS EXAMINING MEASURES TO THIS END. THE PRIME MINISTER OF JAPAN HAS STATED THAT HE WISHES TO WORK FOR THE INCREASE OF IMPORTS THROUGH THE EXPANSION OF DOMESTIC DEMAND AND VARIOUS EFFORTS TO UNCLASSIFIED

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FACILITATE IMPORTS. FURTHERMORE, HE HAS STATED THAT IN ORDER TO COPE WITH THE IMMEDIATE SITUATION OF UNUSUAL SURPLUS, THE GOVERNMENT OF JAPAN IS TAKING A TEMPORARY AND EXTRAORDINARY STEP OF CALLING FOR

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FOR MODERATION IN EXPORTS WITH THE AIM OF KEEPING THE
TOTAL VOLUME OF JAPAN'S EXPORTS FOR THE FISCAL YEAR OF
1978 AT OR BELOW THE LEVEL OF FISCAL YEAR 1977.

21. WE UNDERLINE OUR WILLINGNESS TO INCREASE OUR
CO-OPERATION IN THE FIELD OF FOREIGN PRIVATE INVEST-
MENT FLOWS AMONG INDUSTRIALIZED COUNTRIES AND BETWEEN
THEM AND DEVELOPING COUNTRIES. WE WILL INTENSIFY
WORK FOR FURTHER AGREEMENTS IN THE OECD AND ELSEWHERE.

22. IN THE CONTEXT OF EXPANDING WORLD ECONOMIC ACTIVITY,
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WE RECOGNIZE THE REQUIREMENT FOR BETTER ACCESS TO
OUR COUNTRIES MARKETS FOR THE PRODUCTS OF THE DEVELOP-
ING COUNTRIES. AT THE SAME TIME WE LOOK TO INCREASING

READINESS ON THE PART OF THE MORE ADVANCED DEVELOPING COUNTRIES TO OPEN THEIR MARKETS TO IMPORTS.

RELATIONS WITH DEVELOPING COUNTRIES

23. SUCCESS IN OUR EFFORTS TO STRENGTHEN OUR COUNTRIES' ECONOMIES WILL BENEFIT THE DEVELOPING COUNTRIES, AND THEIR ECONOMIC PROGRESS WILL BENEFIT US. THIS CALLS FOR JOINT ACTION ON THE BASIS OF SHARED RESPONSIBILITY.

24. IN THE YEARS AHEAD THE DEVELOPING COUNTRIES, PARTICULARLY THOSE MOST IN NEED, CAN COUNT ON US FOR AN INCREASED FLOW OF FINANCIAL ASSISTANCE AND OTHER RESOURCES FOR THEIR DEVELOPMENT. THE PRIME MINISTER OF JAPAN HAS STATED THAT HE WILL STRIVE TO DOUBLE JAPAN'S OFFICIAL DEVELOPMENT ASSISTANCE IN THREE YEARS.

WE DEEPLY REGRET THE FAILURE OF THE COMECON COUNTRIES TO TAKE THEIR DUE SHARE IN THE FINANCIAL ASSISTANCE TO DEVELOPING COUNTRIES AND INVITE THEM ONCE MORE TO DO SO.

25. THE POORER DEVELOPING COUNTRIES REQUIRE INCREASED CONCESSIONAL AID. WE SUPPORT THE SOFT LOAN FUNDS OF THE WORLD BANK AND THE THREE REGIONAL DEVELOPMENT BANKS.

WE PLEDGE OUR GOVERNMENTS TO SUPPORT REPLENISHMENT OF UNCLASSIFIED

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THE INTERNATIONAL DEVELOPMENT ASSOCIATION ON A SCALE THAT WOULD PERMIT ITS LENDING TO RISE ANNUALLY IN REAL TERMS.

26. AS REGARDS THE MORE ADVANCED DEVELOPING COUNTRIES, WE RENEW OUR PLEDGE TO SUPPORT REPLENISHMENT OF THE MULTILATERAL DEVELOPMENT BANKS' RESOURCES, ON THE SCALE NEEDED TO MEET THE GROWING NEEDS FOR LOANS ON COMMERCIAL TERMS. WE WILL ENCOURAGE GOVERNMENTAL AND PRIVATE CO-FINANCING OF DEVELOPMENT PROJECTS WITH THESE BANKS.

THE CO-OPERATION OF THE DEVELOPING COUNTRIES IN CREATING A GOOD INVESTMENT CLIMATE AND ADEQUATE PROTECTION FOR FOREIGN INVESTMENT IS REQUIRED IF FOREIGN PRIVATE INVESTMENT IS TO PLAY ITS EFFECTIVE ROLE IN GENERATING ECONOMIC GROWTH AND IN STIMULATING THE TRANSFER OF TECHNOLOGY.

WE ALSO REFER TO OUR EFFORTS WITH RESPECT TO DEVELOPING COUNTRIES IN THE FIELD OF ENERGY AS OUTLINED IN PARAGRAPH 15 AND 16.

27. WE AGREED TO PURSUE ACTIVELY THE NEGOTIATIONS ON A COMMON FUND TO A SUCCESSFUL CONCLUSION AND TO CONTINUE OUR EFFORTS TO CONCLUDE INDIVIDUAL COMMODITY AGREEMENTS AND TO COMPLETE STUDIES OF VARIOUS WAYS OF STABILIZING EXPORT EARNINGS.

INTERNATIONAL MONETARY POLICY

28. THE ERRATIC FLUCTUATIONS OF THE EXCHANGE MARKETS IN RECENT MONTHS HAVE HAD A DAMAGING EFFECT ON CONFIDENCE, INVESTMENT AND GROWTH THROUGHOUT THE WORLD. ESSENTIALLY, EXCHANGE RATE STABILITY CAN

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AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY ROME IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE

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ONLY BE ACHIEVED BY ATTACKING THE FUNDAMENTAL PROBLEMS WHICH HAVE CONTRIBUTED TO THE PRESENT LARGE BALANCE OF PAYMENTS DEFICITS AND SURPLUSES. IMPLEMENTATION OF THE POLICIES DESCRIBED ABOVE IN THE FRAMEWORK OF A CONCERTED PROGRAM WILL HELP TO BRING ABOUT A BETTER PATTERN OF WORLD PAYMENTS BALANCES AND LEAD TO GREATER STABILITY IN INTERNATIONAL EXCHANGE MARKETS. THIS STABILITY WILL IN TURN IMPROVE CONFIDENCE AND THE ENVIRONMENT FOR SUSTAINED ECONOMIC GROWTH.

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29. ALTHOUGH EXCHANGE RATES NEED TO RESPOND TO CHANGES IN UNDERLYING ECONOMIC AND FINANCIAL CONDITIONS AMONG NATIONS, OUR MONETARY AUTHORITIES WILL CONTINUE TO INTERVENE TO THE EXTENT NECESSARY TO COUNTER DISORDERLY CONDITIONS IN THE EXCHANGE MARKETS. THEY WILL MAINTAIN EXTENSIVE CONSULTATION TO ENHANCE THESE EFFORTS' EFFECTIVENESS. WE WILL SUPPORT SURVEILLANCE BY THE INTERNATIONAL MONETARY FUND, TO PROMOTE EFFECTIVE FUNCTIONING OF THE INTERNATIONAL MONETARY SYSTEM.

30. THE REPRESENTATIVES OF THE EUROPEAN COMMUNITY INFORMED THE MEETING OF THE DECISION OF THE EUROPEAN COUNCIL AT BREMEN ON 6/7 JULY TO CONSIDER A SCHEME FOR A CLOSER MONETARY CO-OPERATION. THE MEETING WELCOMED THE REPORT AND NOTED THAT THE COMMUNITY WOULD KEEP THE OTHER PARTICIPANTS INFORMED.

CONCLUSION

31. IT HAS BEEN OUR COMBINED PURPOSE TO ATTACK THE FUNDAMENTAL ECONOMIC PROBLEMS THAT OUR COUNTRIES CONFRONT.

THE MEASURES ON WHICH WE HAVE AGREED ARE MUTUALLY REINFORCING. THEIR TOTAL EFFECT SHOULD THUS BE MORE THAN THE SUM OF THEIR PARTS. WE WILL NOW SEEK PARLIAMENTARY AND PUBLIC SUPPORT FOR THESE MEASURES.

WE CANNOT HOPE TO ACHIEVE OUR PURPOSES ALONE. WE
SHALL WORK CLOSELY TOGETHER WITH OTHER COUNTRIES AND

WITHIN THE APPROPRIATE INTERNATIONAL INSTITUTIONS;
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THOSE AMONG US WHOSE COUNTRIES ARE MEMBERS OF THE
EUROPEAN COMMUNITY INTEND TO MAKE THEIR EFFORTS WITHIN
THIS FRAMEWORK.

WE HAVE INSTRUCTED OUR REPRESENTATIVES TO CONVENE
BY THE END OF 1978 IN ORDER TO REVIEW THIS DECLARATION.

WE ALSO INTEND TO HAVE A SIMILAR MEETING AMONG OUR-
SELVES AT AN APPROPRIATE TIME NEXT YEAR.
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